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TO IMMEDIATE FCO

TELEGRAM NUMBER 309 OF 2 AUGUST 1979

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INFO SAVING WASHINGTON, UKREP BRUSSELS, UKDEL NATO
OTHER EEC POSTS.

MY SAVING TELNO 12 OF 30 JULY: ITALIAN POLITICAL SITUATION

1. SIGNOR PANDOLFI, MINISTER OF THE TREASURY IN THE CARETAKER ANDREOTTI GOVERNMENT, WHO HAD BEEN EXPECTED TO SUCCEED IN FORMING A "GOVERNMENT OF TRUCE" WITHIN A FEW DAYS, WAS FORCED TO GIVE UP THE ATTEMPT ON THE EVENING OF 1 AUGUST WHEN HE WAS ON THE POINT OF PRESENTING HIS LIST OF MINISTERS TO PRESIDENT PERTINI.
2. THIS UNEXPECTED FAILURE WAS DUE TO A LAST MINUTE REFUSAL BY THE SOCIALISTS TO SUPPORT THE PROPOSED NEW GOVERNMENT WITH THEIR ABSTENTION. IN THE COURSE OF A SOCIALIST PARTY CENTRAL COMMITTEE MEETING ON 1 AUGUST IT BECAME CLEAR THAT THE SOCIALISTS REGARDED THE PROPOSED GOVERNMENT AS NOT SUFFICIENTLY DIFFERENT FROM THE EXISTING THREE-PARTY ANDREOTTI GOVERNMENT (EVEN THOUGH IT WOULD HAVE INCLUDED "TECHNICIAN" MINISTERS SYMPATHETIC TO SOCIALIST INTERESTS). THE SOCIALISTS WERE THEREFORE UNWILLING TO DECLARE A TRUCE. PANDOLFI HAD ALSO RUN INTO DIFFICULTIES WITH THE SMALLER PARTIES, THE REPUBLICANS IN PARTICULAR HAVING VETOED CABINET POSTS FOR THE LIBERALS, WHOSE PRESENCE IN THE GOVERNMENT WOULD HAVE MADE IT EASIER FOR THE SOCIALISTS TO ABSTAIN.
3. PUBLIC OPINION IS BEMUSED AND NOT A LITTLE DISGUSTED WITH THE CONTINUING FAILURE OF ITALIAN POLITICIANS TO PUT NATIONAL INTERESTS BEFORE PARTY ADVANTAGE. THE ASSUMPTION IS STILL THAT A GOVERNMENT OF SOME SORT WILL BE FORMED BEFORE THE SUMMER BREAK IN MID-AUGUST.

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MOST PEOPLE NOW THINK THAT THIS COULD ONLY BE A TEMPORARY GOVERNMENT OF WHAT IS CALLED AN "INSTITUTIONAL" TYPE - IE HEADED BY THE HOLDER OF A MAJOR OFFICE OF STATE. THE ONLY CREDIBLE CANDIDATE IN THIS CATEGORY APPEARS TO BE THE CHRISTIAN DEMOCRAT PRESIDENT OF THE SENATE, FANFANI. BUT PRESIDENT PERTINI COULD STILL SPRING A FURTHER SURPRISE.

FCO PLEASE PASS SAVING ADDRESSEES.

GOODISON

[REPEATED AS REQUESTED]

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